

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 AID-05 SS-15 NSC-05 SP-02 L-03 H-01
EB-08 COME-00 TRSE-00 OMB-01 XMB-02 FRB-03 AGRE-00
IGA-02 CPR-01 CIAE-00 DODE-00 INR-07 NSAE-00
PA-01 USIA-06 PRS-01 /074 W
-----141132Z 068691 /10

P R 140905Z APR 77
FM AMEMBASSY ACCRA
TO SECSTATE WASHDC PRIORITY 7463
INFO AMEMBASSY LAGOS

C O N F I D E N T I A L SECTION 1 OF 2 ACCRA 2731

STATE FOR AF/W AND AID/W FFP, AA/AFR AND AA/PPC

LAGOS FOR AGATT

E.O. 11652: GDS
TAGS: EAID, ECON, GH
SUBJ: GHANA'S REQUEST FOR PL-480, TITLE I ASSISTANCE

REFS: A. ACCRA 2625 (NOTAL), B. ACCRA 2679 (OTAL),
C. STATE 80186 (NOTAL), D. 76 AIDTO CIRC A-313

1. WE HAVE NOW RECEIVED FORMAL REQUEST FOR ASSISTANCE,
ADDRESSED TO AMBASSADOR FROM COMMISSIONER GARDINER AS FOLLOWS:
"YOUR EXCELLENCY, I REFER TO OUR CONVERSATION OF 6TH APRIL,
1977, DURING WHICH I INDICATED THAT I HAD BEEN DIRECTED BY
THE HEAD OF STATE AND CHAIRMAN OF THE SMC TO EXPLORE
POSSIBILITIES OF GHANA BEING GRANTED A FACILITY UNDER THE
P.L. 480 TITLE I ARRANGEMENT. THE REQUEST IS THE RESULT
OF DEVELOPMENTS CURRENTLY TAKING PLACE IN GHANA. THESE
INCLUDE POOR RAINS AND POOR HARVESTS AND CONSEQUENT FOOD
SHORTAGES. WE ARE OBLIGED TO INCREASE IMPORTATION OF FOOD,
AND OUR CURRENT COMMITMENTS NOW CONSTITUTE A STRAIN ON OUR
FOREIGN EXCHANGE RESOURCES. AN IMPORT PROGRAMME HAS BEEN
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ESTABLISHED BUT FROM OUR CALCULATIONS WE REALISE THAT
THERE ARE GAPS TO BE FILLED, IF FOOD IS TO BE AVAILABLE
IN SUFFICIENT QUANTITIES AND OUR FACTORIES ARE TO BE KEPT
OPERATING AT REASONABLE CAPACITIES.

"THE PURPOSE OF THIS REQUEST IS TO HELP TIDE US OVER A
DIFFICULT PERIOD, BECAUSE ON THE BASIS OF THE 5-YEAR

DEVELOPMENT PLAN AND THE ANNUAL BUDGET WHICH IS NOW UNDER PREPARATION, WE CAN SEE THE SITUATION EASING IN THE COMING YEARS.

"THE SPECIFIC ITEMS FOR WHICH WE SEEK ASSISTANCE ARE THE FOLLOWING: WHEAT, 30,000 TONS; MAIZE, 30,000 TONS; RICE, 50,000 TONS; SOYA BEAN OIL, 1,000 TONS; COTTON, 60,000 BALES; TALLOW, 15,000 TONS. THE FIGURES GIVEN ARE FIRM INDICATIONS, BUT WE CAN TOGETHER RELATE THEM TO AND PHASE THEM WITH ORDERS PLACED AND SUPPLY GAPS TO BE FILLED...."

2. NOTE THAT SOY BEAN OIL AND TALLOW REQUESTS IN LETTER ARE LESS THAN IN APRIL 6 CONVERSATION, REPORTED REF TEL A.

3. PARAS 4-9 ARE TEXT OF PROPOSED LETTER TO COMMISSIONER GARDINER FROM USAID MISSION DIRECTOR WHICH WE BELIEVE COMPLIES WITH GENERAL THEME OF REPAIR D:

4. "THE AMBASSADOR HAS ASKED ME TO RESPOND SUBSTANTIVELY TO YOUR LETTER OF APRIL 6 REQUESTING PL-480 TITLE I FOOD AID ASSISTANCE, WHICH HE ACKNOWLEDGED ON APRIL 14. SINCE WE ARE COMMITTED TO HELPING GHANA INCREASE ITS VOLUME OF FOOD PRODUCTION, WE ARE PARTICULARLY CONCERNED THAT ANY FOOD ASSISTANCE NOT BE A DISINCENTIVE TO, BUT INDEED SHOULD ENCOURAGE, AGRICULTURAL PRODUCTION AND GENERAL ECONOMIC DEVELOPMENT. ANY SUCH PROGRAM SHOULD SUPPORT BALANCED POPULATION GROWTH. IT SHOULD NEVER BE AN EXCUSE FOR POSTPONING REQUIRED POLICY CHANGES. IN CONFIDENTIAL

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ORDER TO INSURE SUCCESS FOOD AID PROGRAMS SHOULD BE COMPLEMENTARY TO AND COMPATIBLE WITH OUR OTHER TECHNICAL ASSISTANCE PROGRAMS AND WITH DEVELOPMENTS EFFORTS OF THE GOVERNMENT OF GHANA ITSELF.

5. "IT IS CLEAR THAT WE CANNOT OBTAIN APPROVAL OF A PL-480, TITLE I PROGRAM IN ISOLATION. THE GOVERNMENT OF GHANA MUST DEMONSTRATE ITS WILL TO MAKE SUBSTANTIVE CHANGES IN STRENGTHENING THE ECONOMY, DEVISING FISCAL AND FINANCIAL REFORMS, AND IMPLEMENTING A NATIONAL DEVELOPMENT POLICY. INTER ALI, FARMER'S INCENTIVES SHOULD BE STRENGTHENED. ALL PLANS SHOULD BE WITHIN THE FRAMEWORK OF A COMPREHENSIVE STABILIZATION PROGRAM FORMULATED IN COLLABORATION WITH THE IMF AND IN COORDINATION WITH OTHER DONORS. THE PRINCIPAL OBSTACLES TO DEVELOPMENT ARE OFTEN INTERNAL; DOMESTIC PROBLEMS MUST THEREFORE BE RESOLVED, OR AT LEAST RESOLUTIONS ACTUALLY BE UNDER WAY, BEFORE EXTERNAL HELP CAN BE TRULY EFFECTIVE.

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ACTION AF-10

INFO OCT-01 ISO-00 AID-05 SS-15 NSC-05 SP-02 L-03 H-01
EB-08 COME-00 TRSE-00 OMB-01 XMB-02 FRB-03 AGRE-00
IGA-02 CPR-01 CIAE-00 DODE-00 INR-07 NSAE-00
PA-01 USIA-06 PRS-01 /074 W
-----141130Z 068466 /10

P R 140905Z APR 77
FM AMEMBASSY ACCRA
TO SECSTATE WASHDC PRIORITY 7464
INFO AMEMBASSY LAGOS

C O N F I D E N T I A L SECTION 2 OF 2 ACCRA 2731

STATE FOR AF/W AND AID/W FFP, AA/AFR AND AA/PPC

LAGOS FOR AGATT

6. "YOUR REQUEST FOR INCLUSION IN THE PL-480 TITLE I PROGRAM HAS BEEN RECEIVED OUTSIDE OF THE NORMAL BUDGET CYCLE. GHANA THUS MUST COMPETE FOR AVAILABLE RESOURCES WITH PROGRAMS ALREADY BUDGETED FOR FISCAL YEARS 1977 AND 1978 (WHICH END OF SEPTEMBER 30 OF THOSE YEARS). NO ASSURANCES CAN THEREFORE BE GIVEN NOW REGARDING AMOUNTS AVAILABLE OR SHIPPING DATES.

7. "YOUR GOVERNMENT AND THIS MISSION MUST JOINTLY ANALYZE THE DEVELOPMENT ROLE OF THE DESIRED FOOD AID. FOLLOWING SUCH ANALYSIS IT MAY BE POSSIBLE TO JUSTIFY GHANA'S INCLUSION IN THE TITLE I 'CORE' PROGRAM. THE IS PROGRAM PERMITS PRELIMINARY PRIORITY DESIGNATION OF PL-480, TITLE I ASSISTANCE FOR COUNTRIES WHICH CAN DEMONSTRATE A SIGNIFICATN LINK BETWEEN THE PL-480 RESOURCE AND THEIR ECONOMIC DEVELOPMENT.

8. " A FINAL IMPORTANT REQUIREMENT IS ADVANCE PROGRAMMING FOR DEVELOPMENT PROJECTS OF LOCAL CURRENCY PROCEEDS
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WHICH WILL BE GENERATED FROM THE SALE OF PL-480 TITLE I
COMMODITIES.

9. "PLEASE BE ASSURED THAT WE WILL BEND OUR EFFORTS TO
ASSIST YOU IN EVERY APPROPRIATE WAY."

10. COMMENT: WE HAVE ALREADY WARNED GOG OF DIFFICULTIES
OF HANDLING TITLE I REQUEST (PARA 8, REFTEL A). WE
SUSPECT THAT GARDINER SPECIFICALLY AND GOG GENERALLY UN-
AWARE

OF THE LONG LEAD TIME NEEDED TO START A TITLE I
PROGRAM, AND PROBABLY HOPE FOR OUR ASSISTANCE IN THIS
REGARD MUCH SOONER THAN IS POSSIBLE. THERE IS NO QUESTION
THAT GHANA NEEDS THE PRODUCTS BEING REQUESTED, AND AT
LEAST IN THE QUANTITIES REQUESTED. WHETHER TITLE I
CONDITIONS CAN BE DEvised WHICH MEET BOTH WASHINGTON
AND GOG CRITERIA REMAIN TO BE SEEN, AND IN THE FORMER
CASE EXCEED OUR EXPERTISE.

11. COUNTRY TEAM RECOGNIZES THAT WASHINGTON MAY NOT HAVE
TIME TO REACT TO THE ABOVE LETTER PRIOR TO COMMISSIONER
GARDINER'S ARRIVAL IN WASHINGTON APRIL 24 (REFTELS C&D).
IN THAT EVENT DRAFT LETTER COULD PROVIDE TALKING POINTS
FOR DISCUSSION PROPOSED FOR APRIL 25 AT DEPARTMENT.

12. REACTION TO REQUEST AND PROPOSED LETTER WOULD BE
WELCOME.
SMITH

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Message Attributes

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